

CENTRAL INTELLIGENCE AGENCY

Memorandum of Conversation

DATE: 30 July 1958
11:00 to 11:45 A.M.

SUBJECT : Establishment of Liaison between CSC Actuaries and [redacted]

PARTICIPANTS: Warren Irons, Executive Director, CSC; Andrew Ruddock, Chief, Retirement Division, CSC and [redacted] Deputy Director of Personnel for Planning and Development

COPIES TO : Col. White
Mr. Stewart
[redacted]

1. I explained to Messrs. Irons and Ruddock that CIA was exploring a retirement system which would take into consideration the suggestions made by Mr. Harris Ellsworth, Advisor to the President on Personnel Matters in his letter of 13 May 1957 and in his letter of 9 May as Chairman of the Civil Service Commissioners, both of which were addressed to the Bureau of the Budget. Mr. Ruddock was, of course, familiar with these letters since he had participated in the discussions at the Bureau of the Budget (which had been attended by [redacted] and myself) in the late spring of 1957.

2. I told Messrs. Irons and Ruddock that CIA had engaged [redacted] Company to make actuarial studies of our personnel and that we wished to relate them to the actuarial studies made by the Kaplan Committee. We also wished to evaluate various ways for incorporating the factors which our overseas duty survey was revealing into a retirement system which utilized the proposals of Mr. Ellsworth. I gave to them copies of the "Factors, Criteria, Procedures..." dated 28 July (which was attached to my Memorandum of Conversation dated 25 July) and explained the request of the [redacted] Company, namely that technical data and tables and format of work sheets of the CSC be made available so that the [redacted] Company studies could be directly comparable with those of the CSC. I explained that it would be desirable for the actuaries of the [redacted] Company and the actuaries of the CSC, headed by Mr. Maurice S. Brown, to be in direct touch with each other so that there would be no chance of misinterpretation of technical data.

~~CONFIDENTIAL~~

CENTRAL INTELLIGENCE AGENCY

Memorandum of Conversation

DATE: 30 July 1958

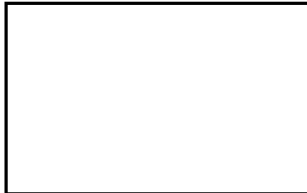
SUBJECT : Establishment of Liaison between CSC Actuaries and
[] Company Actuaries

PARTICIPANTS:

COPIES TO :

CONTINUATION:

3. Mr. Irons was very cooperative and directed that this data be made available to the [] Company immediately. In view of the fact that the Civil Service Commissioners had directed a valuation of the CS Retirement Fund as of 30 September, which meant that Mr. Brown's time was completely obligated to preparing for this study, Mr. Ruddock demurred at first on the grounds that his division was at present over-extended. Mr. Irons, however, said that he wished to cooperate with the CIA to the fullest and directed that the material be made available as quickly as possible. At this point Mr. Irons took the occasion to make some complimentary remarks about the professional way CIA was approaching its retirement problems.



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CENTRAL INTELLIGENCE AGENCY

Memorandum of Conversation

DATE: 1 August 1968
2:00 to 9:30 A.M.

SUBJECT : Review of CSC Technical Data on Retirement

PARTICIPANTS: Andrew Ruddock, Chief, Retirement Division, CSC; Maurice S. Brown, Chief, Actuarial Section, CSC; [redacted] Co., and [redacted] Deputy Director of Personnel for Planning and Development

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COPIES TO : Col. White
Mr. Stewart



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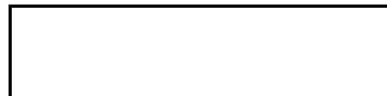
1. I explained briefly to Mr. Brown the general problem of revising CIA's retirement system. He had a copy of the technical requirements which the [redacted] Company had prepared and which I had left with Mr. Ruddock previously. Mr. Brown and [redacted] were already acquainted with one another on a professional basis. After a brief discussion, the meeting was terminated. [redacted] and Mr. Brown continued to discuss in Mr. Brown's office the technical aspects of the problem. They planned to spend from one to two hours going over the technical data which Mr. Brown had in his files.

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2. Mr. [redacted] reported later Friday afternoon that Mr. Brown would make available to him photostats of the data which M [redacted] had inspected, probably the early part of the week of 4 August. Shortly after its receipt, Mr. [redacted] would be in a position to initiate requests to me for specific technical calculations to be prepared by the Statistical Reporting Branch of the Office of Personnel.

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25X1



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Approved for Release 2002/06/25 : CIA-RDP62-00631R000300160021-0

TO:

ROOM NO.
221

East

REMARKS:

FROM:

ROOM NO.

BUILDING

Approved For Release 2002/08/25 : CIA-RDP62-00631R000300160021-0

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

CONFIDENTIAL

OSC 8-1389

Approved For Release 2002/06/25 : CIA-RDP62-00631R000300160021-0

CENTRAL INTELLIGENCE AGENCY

Memorandum of Conversation

DATE: 24 July 1958
2:00 to 3:35 P.M.

SUBJECT : Actuarial Studies in Support of Proposed
Agency Retirement System

25X1A

25X1A PARTICIPANTS: [] Actuary, [] Company, []
Washington, D. C., and [] Deputy Director of
Personnel for Planning and Development 25X1A

COPIES TO : Col. White
Mr. Stewart

[]

25X1A 1. [] and I discussed the next steps in preparing the statistical material in support of the retirement study. In brief, the Civil Service Retirement Fund has not been officially valued by the Civil Service Commission since 1940. One reason for this could be that the CSC does not have on its staff persons who are regarded as fully qualified actuaries competent to make such a valuation. The Kaplan Committee (Committee on Retirement Policy for Federal Personnel) did, however, apparently make an authoritative and competent valuation of the Civil Service Retirement System in connection with its studies in 1954. Their valuation was reported on by the Board of Actuaries of the Civil Service Retirement and Disability Fund in their 34th Annual Report of Fiscal Year 1954 which was prepared in 1956.

25X1A 2. The material which has been published in connection with the Kaplan Report which is in the Annual Report of the Board of Actuaries is sufficient to enable the [] Company actuaries to compute the necessary tables, commutation functions, factors and statistical criteria for valuating a CIA system for retirement. The computation, however, would be extremely arduous and would involve many man hours. [] therefore, asked if we could obtain the background calculations which would permit the [] Company to value the proposed CIA system in exactly the same terms and on a comparable basis with the most recent valuation of the CS Retirement Fund. If these tables can be obtained from the CSC much money will be saved and the cost of the proposed CIA Retirement System would be comparable to figures used in computing the cost of the present CS Retirement System. In addition, if the CSC will assist CIA by providing format of work sheets and format for the preparation of data sheets used for valuations, the [] Company can then use these for assembling and presenting the actuarial data in a manner which will be comparable to that already in existence. [] advised that Mr. Brown of the CSC could provide this data. 25X1A

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CENTRAL INTELLIGENCE AGENCY

Memorandum of Conversation

DATE:

SUBJECT : Actuarial Studies in Support of Proposed
Agency Retirement System

PARTICIPANTS:

COPIES TO :

Continuation:

25X1A
25X1A
3. Since it would be preferable for the actuaries of the [redacted] Company to be in direct contact on matters as technical as these with those persons concerned with actuarial problems in the CSC, it was agreed that I would transmit to the CSC the statement of desiderata of the [redacted] to the appropriate persons in the CSC with the suggestion that if the latter desired to meet with the actuaries of the [redacted] Company, I would arrange such a meeting so that there would be no chance of technical material being misinterpreted by the technicians of the CSC and of the [redacted] Company. 25X1A

4. Accordingly a meeting has been arranged by the undersigned with Mr. Warren Irons, Executive Director of the CSC and Mr. Andrew Ruddock, Chief, Retirement Division for Wednesday at which time discussions on retirement with the CSC will be initiated. Attached is "Factors, Criteria and Procedures for Evaluating a Retirement System in Comparison with the Civil Service Retirement System," dated July 28, 1958, which will be handed to Messrs. Irons and Ruddock.

[redacted] 25X1A
Deputy Director of Personnel
for Planning and Development

Attachment

Approved For Release 2002/06/25 : CIA-RDP62-00631R000300160021-0

CONFIDENTIAL

SUBJECT: Factors, Criteria and Procedures for Evaluating a Retirement System in Comparison with the Civil Service Retirement System

DATE: July 28, 1958

Information relative to the following six items would be helpful in connection with the study being undertaken:

1. Basic Service Tables indicating assumptions relative to mortality, disability turnover, etc. (presumably these would be the same as the Basic Tables made by the Committee on Retirement Policy for Federal Personnel shown in the Thirty-Fourth Annual Report of the Board of Actuaries of the Civil Service Retirement and Disability Fund.)
2. Commutation functions (including D_x , N_x , S_x , and C_x , M_x and R_x for each decrement at valuation rate of interest @ 3%, presumably the last basis used.)
3. Single premium present values for the various benefits
 - a. pensions
 - b. survivor's benefit (any broad assumptions used in valuing this?)
 - c. return of contributions
4. Present value functions for
 - a. future employee contributions
 - b. future employer contributions
5. Format of data used for valuation purposes (sample listings)
6. Format of work sheets used in valuations (sample work sheets)

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TRANSMITTAL SLIP

DATE 1 JUL 1958

TO:

ROOM NO. _____

No.
221

BUILDING

East

REMARKS:

FROM: DD/Pers/PD

ROOM NO.

BUILDING

Approved For Release 2002/06/25 : CIA-RDP62-00631R000300160021-0

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

STATINTL

Approved For Release 2002/06/25 : CIA-RDP62-00631R000300160021-0

SUBJECT: Tentative Detailed Description of Proposed Agency Retirement System

1. The attached detailed description of a proposed Agency Retirement System follows the format of the Kaplan Report of 1954. Comparison can be made with the 26 then-extant Federal Retirement Systems described in that report. The salient features of the present proposal are:

- (a) Restriction of coverage to true Career Employees of the Agency. [See paragraph I A, page 1 of the attached description.]
- (b) Extension of coverage to certain contract employees, for operational reasons of a long range nature. [See paragraph I B 5(b), page 1.]
- (c) The adoption of a proposal similar to one made by the Department of State (which has been cleared by the Bureau of the Budget) which would permit a retired Career Employee of the Agency to accept employment elsewhere in the Government with suspension of only part, rather than all, of his already earned annuity. [See paragraph I B 6(a), page 2.]
- (d) The application of the same principle as in (c) above to certain special contract employees who have retired after age 50 so that they may be utilized in certain operational situations of a long-range nature. [See paragraph I B 6(b), page 2.]
- (e) The adoption of the "Ellsworth Formula" - early retirement with full immediate annuity with permission of the Director at age 50 after 20 years creditable service, (military and civilian), 10 of which shall have been spent overseas, 5 of the 10 having been spent as an Agency Career Employee, with computation of annuity at straight 2%. [See paragraph II A 1, page 3.]
- (f) Involuntary retirement at any time after age 55 at the discretion of the Director with full immediate annuity. [See paragraph II A 2(a), page 3.]
- (g) Involuntary retirement at age 45 or more, with immediate limited annuity, if selected out. [See paragraph II A 2(b), page 3.]
- (h) Involuntary retirement at less than age 45 with one year severance pay in lieu of annuity, if selected out. [See paragraph II A 2(c), page 4.]
- (i) Compulsory retirement at age 60 except in special cases with full immediate annuity. [See paragraph II A 3(a), page 4.]

2. A determination will have to be made whether the Agency Retirement System should be within the Civil Service Retirement System, controlled and administered by the Civil Service Commission or whether it should be separate from the Civil Service Retirement System and administered by the Agency in the way the Department of State handles the Foreign Service Retirement System. Each method has certain advantages and disadvantages. It is also a matter of legislative strategy.

14 July 1958

Copy 5 of 15 copies

TENTATIVE DETAILED DESCRIPTION
of
PROPOSED AGENCY RETIREMENT SYSTEM

I. EMPLOYEES COVERED

A. Definition of Coverage

1. Persons covered by the plan

- (a) Staff Employees and Staff Agents who are Career Employees.
- (b) Career Agents.
- (c) Contract Employees who have been Career Employees and who are still covered by the Civil Service Retirement System by reason of no break-in-service between previous appointive status and present contract status.

2. Persons not covered by the plan

- (a) Staff Employees and Staff Agents who are not Career Employees.
- (b) Foreign nationals who have received appointive status in order to convey (1) coverage by the Civil Service Retirement System or (2) other benefits.
- (c) Other personnel such as Consultants, persons employed by limited or temporary appointments, Contract Employees other than those in 1(c) above, Independent Contractors, etc.

B. Definition of Creditable Service

- 1. For determining eligibility for retirement
- 2. For computing annuity or other benefits
- 3. Credit for military service
- 4. Transfer privileges

[Note: For the above four situations the requirements and criteria would be the same as those under the Civil Service Retirement System.]

5. Reemployment after retirement

- (a) If reemployed as a Career Employee, the conditions applicable under the Civil Service Retirement System would apply.
- (b) If reemployed, always after a technical break-in-service, as a special contract employee for operational reasons of a long-range nature, the conditions under paragraph 6 below, Reemployment elsewhere in Government, would be made applicable to this situation.
- (c) Nothing in the Agency Retirement System would preclude the subsequent utilization as an Independent Contractor of a participant who has retired for longevity.

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6. Reemployment elsewhere in the Government

[Note: The following proposal is similar to one currently put forward by the Department of State as an amendment, which has been cleared by the Bureau of the Budget, to the Foreign Service Retirement Act. This situation is not provided for in the Civil Service Retirement System.]

(a) A participant who has retired under the Agency Retirement System may be employed elsewhere in the U. S. Government and retain that part of his annuity which would equal the difference between his terminal Agency salary and his base salary in his new non-Agency Government job. His gross income from his new Government job plus his Agency annuity may not exceed his terminal Agency salary unless the salary of his new Government job exceeds his terminal Agency salary in which case all of his Agency annuity would be suspended. After retirement from his new non-Agency Government job his Agency annuity would be resumed in full plus any other annuity he might have earned as a result of his new employment.

(b) Utilization by the Agency as a special contract employee, as discussed in paragraph IB 5 (b) above, in every case after a technical break-in-service, would be possible and the same circumstances as in paragraph 6(a) above would apply, e.g., the sum of contract salary plus all or part of annuity earned as a Career Employee may not exceed terminal Career Employee salary.

EXAMPLE

A Career Employee retires from the Agency at age 50 after 20 years total creditable service, 10 of which were overseas service (military plus civilian) 5 of the 10 having been as an Agency Career Employee. His "high-5" salary was \$10,000. His terminal Agency salary was \$11,000. His annuity would be:

$$20 \text{ years} \times 2\% \times \$10,000 = \$4,000$$

If employed elsewhere in the Government or as a special contract employee his gross income would be:

<u>New Government non-Agency salary or Agency contract salary</u>	<u>Agency Annuity Paid</u>	<u>Agency Annuity Suspended</u>	<u>Gross Income</u>
\$ 4,000	\$4,000	--	\$ 8,000
\$ 5,000	\$4,000	--	\$ 9,000
\$ 6,000	\$4,000	--	\$10,000
\$10,000	\$1,000	\$3,000	\$11,000
\$12,000			\$12,000

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II. BENEFITS

A. Age and Service Retirement Provisions

QUALIFICATIONS	AMOUNT
1. <u>Voluntary Retirement</u>	1. <u>Voluntary Retirement</u>
(a) With Full Annuity	(a) With Full Annuity
At age 50 or more after 20 years or more total creditable service; at least 10 of which (military and civilian) shall have been spent in overseas service, at least 5 of the 10 shall have been spent in the service of the Agency as a Career Employee. <input type="checkbox"/> Note: This is the "Ellsworth" formula. <input type="checkbox"/> Permission of the Director required.	Average "high-5" salary x creditable years of service x 2%. Maximum benefit, 70% average "high-5" salary. <input type="checkbox"/> Note: This is the "Ellsworth" - also the Foreign Service - formula. <input type="checkbox"/>
2. <u>Involuntary Retirement</u>	2. <u>Involuntary Retirement</u>
(a) With Full Annuity	(a) With Full Annuity
At age 55 or more after 25 years or more total creditable service. Retirement at discretion of the Director. <input type="checkbox"/> Note: In order to establish this formula, with equity to present personnel, it would be necessary to install on a phased basis to reduce the age level of 62 to 55. <input type="checkbox"/>	Same as 1(a) above provided participant has 10 years or more overseas service, 5 of which shall have been spent in the service of the Agency as a Career Employee. If less than the required overseas service, the Civil Service formula will apply, i.e. average "high-5" salary x 1 1/2% for the first 5 years of creditable service plus 1 3/4% for the second 5 years of creditable service plus 2% for the balance of creditable service.
(b) With Limited Annuity	(b) With Limited Annuity
At age 45 or more and with 5 years or more creditable service, if separated as result of unsatisfactory performance or selection-out.	Same as 2(a) above but not to exceed 25% of per annum salary at time of separation.

(c) With Severance Pay

Under age 45, and with 5 or more years creditable service, if separated as result of unsatisfactory performance or selection-out.

(c) With Severance Pay

Severance pay equal to one year's salary or the return of required contributions to the retirement fund, whichever is greater. Compound interest on required contributions plus voluntary contributions and compound interest added.

[Note: Such a provision does not exist in the Civil Service Retirement System. It is similar to that in the Foreign Service Retirement System.]

[Note: If involuntary retirement occurs under (b) With Limited Annuity (age between 45 and 55) or under (c) With Severance Pay (under age 45) and individual has less than 5 years creditable service, an annuity will not be paid but the required and voluntary contributions will be returned with compound interest.]

3. Compulsory Retirement

(a) With Full Annuity

At age 60 regardless of years of creditable service; no requirements for overseas service. Employee may be reappointed by the Director on a year-to-year basis because of special skill, up to age 70 but not beyond.

3. Compulsory Retirement

(a) With Full Annuity

Same as Involuntary Retirement With Full Annuity, see paragraph 2 (a) above.

RECAPITULATION

<u>Type of Retirement</u>	<u>Reason</u>	<u>Age</u>	<u>Annuity</u>
Involuntary	Cause	under 45	None; severance pay or return of contributions whichever is greater
Involuntary	Cause	45 - 55	limited; immediate
Voluntary	Choice	50 - 55	full; immediate
Involuntary	Longevity	55-(70)	full; immediate
Compulsory	Longevity	60-(70)	full; immediate

III. OTHER FACTORS

The following factors would be controlled or administered as they are in the Civil Service Retirement System:

Disability Provisions

Survivor Provisions

Separation Provisions

Adjustment of Benefits for Retired Employees

Alternative and Duplicate Benefits

Taxation of Benefits

Definition of basic salary, pay or compensation

Basis of required contributions

Provisions for additional contributions

Employer Contributions

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TYPE OF DATA AVAILABLE
on MACHINE RECORD CARDS
FOR ALL PERSONNEL

Sex

Age

Grade and Rate of Advancement

Length of Creditable Service

Length of CIA Service

Organizational Component

Career Service

Type of duty; occupational code, past and present

Location of duty;

Where

When - elapsed dates

With whom - CIA or other Government agency

Whether temporary duty or permanent assignment

Whether civilian or military

The following data is incomplete

Dependents

Husband and wife teams

An experience analysis of retirees from 18 September 1947 to 30 June 1958 can be made. This will not include persons who resigned before becoming eligible for retirement and have subsequently gone on the retired rolls on reaching the age when a deferred annuity became available.

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Next 1 Page(s) In Document Exempt

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SECRET

11 July 1958

MEMORANDUM FOR: Messrs. White, Stewart,

STATINTL

SUBJECT: Tentative Detailed Description of Proposed
CIA Retirement System

The attached detailed description of a proposed CIA Retirement System follows the format of the Kaplan Report of 1954. Comparison can be made with the 26 then-extant Federal Retirement Systems. The salient features of the proposal are:

- (a) Restriction of coverage to true Career Employees of the Agency. [See paragraph I A, page 1 of the attached.]
- (b) Extension of coverage to certain contract employees, for operational reasons of a long range nature. [See paragraph I B 5(b), page 1.]
- (c) The adoption of a proposal similar to one made by the Department of State (which has been cleared by the Bureau of the Budget) which would permit a retired Career Employee of CIA to accept employment elsewhere in the Government with suspension of only part, rather than all, of his already earned annuity. [See paragraph I B 6, page 2.]
- (d) The adoption of the "Ellsworth Formula" - early retirement at age 50 after 20 years creditable service, 10 of which have been spent overseas, with computation of annuity at straight 2%. [See paragraph II A, page 3.]
- (e) Involuntary retirement, at the discretion of the DCI, at any time after age 55. [See paragraph II A 2(a), page 3.]
- (f) Compulsory retirement at age 60 except in special cases. [See paragraph II A 3(a), page 4.]
- (g) Involuntary retirement at age 45, if selected out, with limited annuity. [See paragraph II A 2(b), page 3.]
- (h) Involuntary retirement at less than age 45, if selected out, with one year severance pay in lieu of annuity. [See paragraph II A 2(c), page 4.]

STATINTL

Deputy Director of Personnel

SECRET

11 JULY 1958

TENTATIVE DETAILED DESCRIPTION
of
PROPOSED CIA RETIREMENT SYSTEM

I. EMPLOYEES COVERED

A. Definition of Coverage

1. Persons covered by the plan

(a) All Career Employees.

(b) Career Agents.

(c) Contract employees who have been Career Employees and who are still covered by the Retirement System by reason of no break in service between previous appointive status and present contract status.

2. Persons not covered by the plan

(a) Staff Employees and Staff Agents who are not Career Employees.

(b) Foreign nationals who have appointive status in order to convey coverage by the Civil Service Retirement System, or other benefits.

(c) Other personnel such as consultants, persons employed by limited or temporary appointments, contract employees other than those in 1(c) above, independent contractors, etc.

B. Definition of Creditable Service

1. For determining eligibility for retirement

2. For computing annuity or other benefits

3. Credit for military service

4. Transfer privileges

☐ For the above four situations the requirements and criteria would be the same as those under the Civil Service Retirement System.

5. Reemployment after retirement

(a) If reemployed as a Career Employee, the conditions applicable under the Civil Service System would apply.

(b) If employed, always after a technical break in service, as a covert contract employee for covert operations overseas, the conditions under paragraph 6 below, Reemployment elsewhere in Government, would be made applicable to this situation.

(c) Nothing in the CIA system would preclude the subsequent utilization as an independent contractor of a participant who has retired for age or disability.

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6. Reemployment elsewhere in the Government

[Note: The following proposal is similar to one currently put forward by the Department of State as an amendment to the Foreign Service System. This situation is not provided for in the Civil Service System.]

(a) A participant who has retired from the CIA System may be employed elsewhere by the U. S. Government and retain that part of his retirement annuity which would equal the difference between his base salary with CIA at retirement and his base salary in his new non-CIA Government employment provided this difference does not exceed his retirement annuity. His total income from his new Government employment plus his CIA retirement may not exceed his terminal CIA salary unless the salary of his new Government employment exceeds his terminal CIA salary in which case his CIA annuity would be suspended. After retirement from his new non-CIA job his annuity from CIA would be resumed in full plus any other annuity he might have earned as a result of his new employment.

(b) Utilization by CIA as a covert contract employee as discussed in 5 (b) above, in every case after a technical break in service, would be possible and the same circumstances would apply, e.g., the sum of contract salary plus all or part of annuity from staff salary may not exceed terminal staff salary.

EXAMPLE

An individual retired from CIA at age 50 after 20 years total Government service, 10 of which were overseas service (military plus civilian). His "high-5" salary was \$10,000. His CIA terminal salary was \$11,000. His annuity would be:

$$20 \text{ years} \times 2\% \times \$10,000 = \$4,000 \text{ annuity}$$

If employed elsewhere in the Government or as a covert contract employee his ~~gross~~ ^{from} income would be:

<u>New Government non-CIA Salary or CIA Covert Contract Salary</u>	<u>CIA Annuity Paid</u>	<u>CIA Annuity Suspended</u>	<u>Gross Income</u>
\$ 4,000	\$4,000	--	\$ 8,000
\$ 5,000	\$4,000	--	\$ 9,000
\$ 6,000	\$4,000	--	\$10,000
\$10,000	\$1,000	\$3,000	\$11,000
\$12,000	--	\$4,000	\$12,000

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S-E-C-R-E-T

II. BENEFITS

A. Age and Service Retirement Provisions

QUALIFICATIONS

1. Voluntary Retirement

(a) With Full Annuity

Age 50 after 20 years total Government service; 10 of which (military and civilian) shall have been spent in overseas service, 5 of the 10 shall have been spent in the service of CIA as a civilian. [Note: This is the "Ellsworth: formula"] Permission of DCI required.

2. Involuntary Retirement

(a) With Full Annuity

At age 55 after 25 years total Government service. Retirement at discretion of DCI.

[Note: In order to establish this formula, with equity to present personnel, it would be necessary to install on a phased basis to reduce the age level of 62 to 55.]

(b) With Limited Annuity

At age 45, and with 5 years creditable service, if separated as result of unsatisfactory performance or selection out.

AMOUNT

1. Voluntary Retirement

(a) Average "high-5" salary x creditable years of service x 2%. Maximum benefit of 70% average "high-5" salary. [Note: This is the "Ellsworth" - also the Foreign Service - formula]

2. Involuntary Retirement

(a) Same as 1(a) above provided participant has 10 or more years overseas service; 5 of which shall have been spent in the service of CIA as a civilian. If less than the required overseas service in 2(a) above, the Civil Service formula will apply, i.e. average "high-5" salary x $1-1/2\%$ for the first 5 years of creditable service + $1-3/4\%$ for the second 5 years of creditable service + 2% for the balance of creditable service.

(b) Same as 2(a) above but not to exceed 25% of per annum salary at time of separation.

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(c) With Severance Pay

Under age 45, and with 5 years creditable service, if separated as result of unsatisfactory performance or selection out; no criteria for overseas service.

(c) Severance pay equal to one year's salary or the return of contributions to the retirement fund, whichever is greater.

[Note: Such a provision does not exist in the Civil Service System. The following is similar to that in the Foreign Service System.]

[Note: If involuntary retirement occurs under (b) limited annuity -- age between 45 and 55) or (c) with severance pay -- under age 45) and individual has less than 5 years creditable service, and annuity will not be paid and the required and voluntary contributions will be returned with compound interest.]

3. Compulsory Retirement

(a) With Full Annuity

At age 60 regardless of years of creditable service; no requirements for overseas service. Employee may be reappointed by the DCI on a year-to-year basis because of special skill, up to age 70 but not beyond.

3. Compulsory Retirement

(a) Same as 2(a) above
(Involuntary Retirement)

RECAPITULATION

<u>Type of Retirement</u>	<u>Reason</u>	<u>Age</u>	<u>Annuity</u>
Involuntary	Cause	under 45	None; severance pay or return of contributions whichever is greater
Involuntary	Cause	45 - 55	limited; immediate
Voluntary	Choice	50 - 55	full; immediate
Involuntary	Longevity	55 - (70)	full; immediate
Compulsory	Longevity	60 - (70)	full; immediate

4.

SECRET

III. OTHER FACTORS

- A. The following factors would be controlled or administered as they are in the Civil Service Retirement System.

Disability Provisions

Survivor Provisions

Separation Provisions

Adjustment of Benefits for Retired Employees

Alternative and Duplicate Benefits

Taxation of Benefits

Definition of basic salary, pay or compensation

Basis of required contributions

Provisions for additional contributions

Employer Contributions

Method of Funding

- B. A determination will have to be made whether the administration of the CIA Retirement System will conform to that of the Civil Service Retirement System, which is controlled and administered by the Civil Service Commission, or whether it would be desirable for CIA to administer its retirement system in a manner similar to that used by the Department of State. Each method has certain advantages and disadvantages.

TRANSMIT FOR SLIP		DATE	CIA-RDP62-00631R000300160021-0
Approved For Release 2002/06/25		16 July	
TO:			
ROOM NO.			
REMARKS	<p>Here with copy of CIA proposed retirement plan which we plan to use as a spring board for our meeting with Wyatt at 200 on Monday</p> <p>This is an "advance copy" stylized and typographically edited will be available at the meeting</p>		
FROM:	DD/Pres/PD		
ROOM NO.	BUILDING	EXTENSION	
Approved For Release 2002/06/25 : CIA-RDP62-00631R000300160021-0			

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Approved For Release 2002/06/25 : CIA-RDP62-00631R000300160021-0

TRANSMITTAL SLIP		
TO:		
ROOM:		
REMARKS:		
<p>Pursuant to your request I am enclosing proposed amendments to the Foreign Service Act of 1946. This bill has been forwarded to the Congress but has not been introduced.</p>		
FROM:		
ROOM NO.	BUILDING	EXTENSION

Approved For Release 2002/06/25 : CIA-RDP62-00631R000300160021-0

SECRET

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Project to Obtain Actuarial Advice
in support of Retirement Studies

1. This memorandum contains a recommendation submitted for approval. Such recommendation is contained in paragraph 5.

2. The CIA Career Council has under study the possibility of a new retirement system which might eventually be implemented through an amendment to the Civil Service Retirement Act or to the Central Intelligence Agency Act. The proposed retirement system will probably take into consideration overseas duty in order to permit those persons who have served overseas to retire at an earlier age than at present and possibly at a more advantageous rate of annuity.

3. The Council believes that the proposed retirement legislation must be ready for presentation to the Bureau of the Budget by November 1958 in order to receive favorable consideration during the 1959 legislative year. The presentation to the Bureau of the Budget, the Special Assistant to the President for Personnel Management, the Civil Service Commission and to appropriate committees of Congress will have to be supported by sound actuarial advice and statistics. While the Civil Service Commission and the United States Treasury have actuaries on their staffs for the purpose of maintaining and reviewing existing retirement systems, they are not available to help us to devise a new approach. Even the Civil Service Commission, when considering major changes in the Civil Service Retirement System, contracts outside the Government for actuarial service.

4. It is necessary for CIA to contract for actuarial services in support of retirement studies. The [] Company was under contract to CIA in 1953 to prepare the statistical background on the basis of which our present insurance programs are founded. The same actuaries of the Company who have worked for us in the past have current security clearances so that they may consider our problems. Informal discussions conducted by [] and [] with the Executive Vice President of the [] Company have shown that its services would be available to us. It is estimated that the necessary studies can be conducted for a

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SUBJECT: Project to Obtain Actuarial Advice in Support of Retirement Studies

maximum fee of \$10,000. A proposed contract has been drafted by the Office of the General Counsel. The necessary confidential funds are available in the unexpended balance of the FY 1958 budget of the Office of Personnel.

5. It is recommended that you approve: (a) the negotiation of a contract with the [] Company to provide actuarial advice to the Office of Personnel in support of retirement studies for the Agency, and (b) the expenditure of confidential funds, not to exceed \$10,000, for this purpose.

Gordon M. Stewart
Director of Personnel

The recommendation in paragraph 5 is approved.

L. K. White
Deputy Director (Support)

20 June 1958
Date

Originator.

[]

Deputy Director of Personnel
for Planning and Development

Distribution:

O&3-Comptroller
2-DD/E
1-D/Pers
1-DD/Pers/PD (Stayback)
1-D/Security
1-General Counsel
1-Chrono with []

DD/Pers/[] (27 Jun 58)

Approved For Release 2002/06/25 : CIA-RDP62-00631R000300160021-0

TO: General Counsel		
ROOM NO. 221	BUILDING East	
REMARKS:		
FROM: Director of Personnel		
ROOM NO. 221	BUILDING Curia	EXTENSION

Approved For Release 2002/06/25 : CIA-RDP62-00631R000300160021-0

Section I CHARACTER AND EXTENT OF SERVICES

(a) The contractor will make a study of the distribution and characteristics of the Agency's work force with special reference to age, sex, length of Government service, length of service in the Agency, length of service overseas on behalf of the Government, length of service overseas on behalf of the Agency and number of dependents. At the completion of this study, the contractor will prepare and present a report summarizing the results of his study and outlining various possible retirement systems which might be presented by the Agency to the Bureau of the Budget and to the Congress.

(b) As in previous contract.

Section II XX PERIOD OF PERFORMANCE

As in previous contract.

Section III COMPENSATION

As in previous contract except substitute 10,000 for 22,000.

Section IV PAYMENT